

Message Text

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70

ACTION COME-00

INFO OCT-01 AF-10 ISO-00 OPIC-12 XMB-07 AID-20 CIAE-00

INR-11 NSAE-00 RSC-01 EB-11 PA-04 PRS-01 USIA-15

DRC-01 /094 W

----- 122919

R 131200Z JUL 74

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 2446

INFO AMEMBASSY ABIDJAN

AMEMBASSY YAOUNDE

AMEMBASSY LOME

AMEMBASSY CONTONOU

AMEMBASSY DAKAR

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EO 11652: NA

TAGS: EIND BPRO MR

SUBJECT: LANG SUGAR REFINERY

REF: STATE 151333, NOUAKCHOTT 879

1. APPRECIATE DEPARTMENT PASSING BUNNETTA'S EARLY WARNING ON PROPOSED DOLLARS FIVE MILLION PRICE INCREASE NOUAKCHOTT SUGAR REFINERY. WILL CONTACT MUSTAPHA ABDULLAH UPON HIS ARRIVAL NOUAKCHOTT.

HOPE THAT MAURITANIAN AMBASSADOR TO US OULD ABDALLAH (WHO PRESENTLY IN NOUAKCHOTT FOR CONSULTATIONS) CAN ASSIST MUSTAPHA IN PRESENTING PRITCHARD/LANG CASE TO PREDICTABLY SKEPTICAL GIRM OFFICIALS.

2. COMMENTS: LANG HAS ALREADY NEGOTIATED ONE REFINERY PRICE INCREASE OF 2.3 MILLION DOLLARS AND WILL HAVE AN EXCEEDINGLY HARD TIME GETTING ANOTHER. CONSTRUCTION ON THE PROJECT--DUE TO HAVE BEGUN IN SEPTEMBER--IS STILL NOT UNDERWAY, A FACT THAT PUTS BOTH LANG/PRITCHARD AND MINISTER OF INDUSTRIAL DEVELOPMENT SIDI UNDER THE GUN. LANG WILL FIND IT DIFFICULT TO CONVINCE GIRM

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TO PAY MORE FOR A PROJECT FOR WHICH THEY CAN POINT TO NO PHYSICAL

EVIDENCE OF WORK IN PROGRESS. FOR HIS PART, SIDI WILL BE RELUCTANT TO GO BEFORE THE COUNCIL OF MINISTER SEEKING AUTHORIZATION TO FINANCE INCREASED COSTS WHEN HE CANNOT PROVE FORWARD PROGRESS ON THE PRESENT CONTRACT. IN FACT, SIDI IS ALREADY GETTING POLITICAL FLACK FROM THE MORE CONSERVATIVES OF HIS CABINET COLLEAGUES AND HE MAY WELL BE IN THE POSITION OF RISKING HIS POLITICAL CAREER IF HE SEEKS MORE MONEY.

3. BECAUSE THIS WAS THE FIRST MAJOR AMERICAN CONTRACT SIGNED IN MAURITANIA AND BECAUSE THE EMBASSY WAS DIRECTLY INVOLVED IN BRINGING LANG AND GIRM TOGETHER, THE US STANDS TO LOSE FACE IF THE CONTRACT FALLS THROUGH. FORTUNATELY, LANG IS NO LONGER THE LONE US CONTRACTOR IN MAURITANIA, NOW THAT HUGHES AIR WEST, H.K. FERGUSON, PLANET OIL AND KELLOG ENGINEERS ARE ACTIVE IN VARIOUS PROJECTS. UNDER THE CIRCUMSTANCES, THE BEST WE CAN DO IS STAY ON THE SIDELINES AND HOPE FOR A PRICE COMPROMISE THAT WILL GIVE SOMETHING TO BOTH SIDES. I AM, HOWEVER, NOT CONFIDENT OF ANY SUCH OUTCOME. IT SEEMS MORE LIKELY THAT LANG/PRITCHARD WILL EVENTUALLY HIT A BRICK PRICE WALL, TAKE ADVANTAGE OF THE CONTRACT FORCE MAJEUR CLAUSE, AND DROP THE SUGAR PROJECT ENTIRELY TO AVOID FURTHER LOSSES. THIS WILL MEAN THAT LANG MUST REFUND TO GIRM SOME 2.5 MILLION DOLLARS IN ADVANCE PAYMENTS. AT LEAST THAT WILL BE THE MAURITANIAN POSITION. WITH LANG ALREADY OPERATING IN THE RED IN AFRICA, I WONDER HOW THEY CAN AFFORD TO PAY OFF AND WHAT SORT OF ARBITRATION WILL COME INTO PLAY.

4. DEPT PLEASE REPEAT STATE 151333 TO INFO ADDRESSEES THIS MESSAGE.
SHURTLEFF

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